

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Investigation by the Department of
Telecommunications and Energy on its own
motion into Distributed Generation

D. T. E. 02-38

**COMMENTS OF
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

I. INTRODUCTION

Fitchburg Gas and Electric Light Company ("FG&E") files these comments in response to the Hearing Officer's Request for Comments issued on May 19, 2003, on the Proposed Uniform Standards for Interconnecting Distributed Generation in Massachusetts ("Joint Report") and the Interconnection Standards Tariff ("Interconnection Tariff").

On October 3, 2002, pursuant to G. L. c. 164, § 76, the Department directed FG&E, Massachusetts Electric Company and Nantucket Electric Company, NSTAR Electric, and Western Massachusetts Electric Company ("Distribution Companies") to commence a collaborative process to propose, for Department approval, interconnection standards, policies, and procedures for distributed generation ("DG") that would be uniformly applicable to all distribution companies. Distributed Generation NOI, D.T.E. 02-38-A at 3-4 (Order Establishing a Distributed Generation Forum) (2002). The Department directed the collaborative participants to provide a joint report outlining the results of the process. Id. The Department also stated that there would be an opportunity to comment on the joint plan. Id.

Consequently, the Distribution Companies, DG Providers, government and quasi-governmental agencies, consumers and public interest groups formed the Massachusetts

Distributed Generation Interconnection Collaborative ("Collaborative"). On March 3, 2003, the Collaborative submitted a joint report, "Proposed Uniform Standards for Interconnecting Distributed Generation in Massachusetts" ("Joint Report"). The Collaborative also proposed that the substantive agreements in the Joint Report be codified as an Interconnection Tariff to be filed at a later date. On May 16, 2003, the Collaborative filed the Interconnection Tariff.

FG&E is pleased to have participated in the Collaborative and supports the development of interconnection standards, policies, and procedures for distributed generation. FG&E recommends that the Department adopt the recommendations offered by the Collaborative in order to maintain the basic structure agreed upon by the parties and requests that the Department approve the proposed Interconnection Tariff as it has been submitted to the Department, with the exception of the change to Section 11.2, Insurance Requirements and Endorsements as recommended in these comments and with the proposed Utility cluster language alternatives where no consensus was achieved. FG&E believes that the proposed Interconnection Tariff will significantly facilitate customer connection and appreciates the opportunity to provide written comments with regard to the proposed Tariff.

II. COMMENTS

A. TIMELINES

The timelines in the proposed Interconnection Tariff were agreed to by all Collaborative members except Real Energy, which agreed to the timelines for the Simplified process but proposed alternatives for the Expedited and Standard paths. These proposed alternatives by Real Energy represent only one-half of the time requirements agreed upon by all other members of the Collaborative. FG&E recommends that the Department adopt the timelines that were agreed to by the majority of the Collaborative. FG&E believes that using timelines shorter than those

agreed to by the majority of Collaborative participants would adversely impact the success of the process. The proposed timeframes were agreed to following significant "give-and-take" negotiations and reflect a compromise on behalf of all participants based upon a detailed analysis of the process by the participants. The proposed timelines are challenging but create a realistic process. It is, however, important to keep in mind that this is a new process and revisions to the timeframes may be appropriate as experience is gained with the timelines. Toward this end, the distribution companies participating in the Collaborative have agreed to meet quarterly over the next two years and examine the data and experience with DG interconnections in Massachusetts, and elsewhere in the United States, to refine the processes and procedures for DG interconnection operations, including timelines if appropriate.

B. SUPERCEDENCE

The Collaborative acknowledged that portions of the Interconnection Tariff may be inconsistent with 220 C.M.R. 8.04, which governs distribution company procedures for interconnection and metering, and existing interconnection agreements. FG&E recommends that if a conflict with a currently existing interconnection agreement arises, the differences be resolved by the parties and the agreement be allowed to remain effective until such time as it can be amended to conform with the Tariff. FG&E further recommends that the Department consider replacing those sections of 220 C.M.R. 8.04 with the elements of the proposed Interconnection Tariff that address all components of the conditions, standards and timelines for interconnections.

C. SEPARATION OF COSTS

The Collaborative was unable to agree on which party should bear the responsibility for certain costs, including cost adjustments. Some parties, including the DG Providers would like to ensure that the interconnecting customer be responsible for costs incurred by the distribution companies that are solely attributable to the interconnection. These parties believe that if associated system modifications are required, the remaining distribution customers should also be responsible for the costs incurred to upgrade the system. FG&E believes that DG customers should be treated in the same manner as all other distribution customers. If a system upgrade is a known and documented necessity the associated costs should be borne by all customers. If the upgrade was not planned and documented but performed solely as a result of the interconnection, the cost of the upgrade should be the responsibility of the interconnecting customer.

D. COST ESTIMATES

FG&E strongly believes that DG customers should be responsible for the actual cost of the interconnection facilities constructed on their behalf. The DG Providers and other parties request that the interconnection facilities be provided at a fixed "not-to-exceed" price. FG&E opposes this proposal because, even though cost estimates are very carefully performed by the Company, unexpected cost increases are a risk to any project and the DG Provider's proposal unfairly shifts this risk to the distribution company and its remaining customers, potentially allowing the DG customer to obtain the interconnection facilities at less than full cost. Further, this approach is inconsistent with the Department's long-standing ratemaking principles of cost causation and avoiding subsidies among customers. Electric Restructuring, D.P.U. 96-100, at 51 (1996).

E. METER OWNERSHIP

The Collaborative was unable to reach complete agreement concerning meter ownership requirements. FG&E agrees with comments provided by Western Massachusetts Electric Company in this proceeding that this docket is not the proper forum for the resolution of this issue. The issue should be addressed in the currently open Department investigation in D.T.E. 01-28 which is addressing the development of generic terms and conditions for the installation and provision of advanced metering equipment by distribution companies.

F. INSURANCE REQUIREMENTS AND ENDORSEMENTS

In reviewing the proposed Tariff in detail after filing with the Department, FG&E believes that a paragraph in the main document as well as in the Interconnection Service Agreement should be stricken. Under Section 11.2, "Insurer Requirements and Endorsements," the second paragraph negates the first paragraph of the same section and should be deleted.

The first paragraph states that the customer shall include the distribution company as a named insured. This will also protect distribution company customers since, if an incident occurs on the interconnection customer's generator causing damage to the distribution system or another customer's property, the distribution company will not be held liable for the cost of the damage. However, the second paragraph states that if the requirement of including the Company as a named insured prevents the Interconnecting Customer from obtaining the insurance required without added cost or due to written refusal by the insurance carrier, such requirements will be waived. Insurance against liabilities is a cost of doing business for any business and an increase in risk exposure for a distribution company will likely lead to increased premiums, ultimately increasing the cost of service and associated distribution rates to the detriment of the remaining distribution customers. The Company, and ultimately its customers, should not be adversely

impacted by interconnecting customers avoiding or reducing a cost of doing business.

Therefore, FG&E recommends that the second paragraph of Section 11.2 be deleted.

III. CONCLUSION

The Collaborative has achieved consensus on the majority of standards and procedures for DG interconnection in Massachusetts. FG&E appreciates the opportunity to file written comments with respect to issues that were not resolved. FG&E requests that the Department approve the proposed Interconnection Tariff as submitted to the Department but with the changes as discussed herein.